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DE RUHOD 01302 3021303

O R 171200Z DEC 76

FM AMEMBASSY DOHA

Saudi

TO SECSTATE WASHDC NIACT IMMEDIATE 2123

INFO AMEMBASSY ABU DHABI 0002

RUH

S/AMEMBASSY ALGIERS 0111

USINT BAGHDAD 0101

AMEMBASSY BONN 0035

AMEMBASSY CARACAS 0003

AMEMBASSY JAKARTA 0003

AMEMBASSY JIDDA 0721

AMEMBASSY KUWAIT 1000

AMEMBASSY LAGOS 0003

AMEMBASSY LIBREVILLE 0005

AMEMBASSY LONDON 0022

AMEMBASSY MANAMA 0731

AMEMBASSY MUSCAT 0000

AMEMBASSY PARIS 0111

AMEMBASSY QUITO 0001

AMEMBASSY ROME 0002

AMEMBASSY TEHRAN 0403

AMEMBASSY TOKYO 0004

AMEMBASSY TRIPOLI 0007

AMEMBASSY VIENNA 0127

USIA WASHDC 0047

UNCLAS DOHA 1302

E.O. 13526 N/A

TAGS: ENRG OPEC OA

SUBJ: OPEC MINISTERIAL: SAUDI ARABIA AND UAE IMPOSE THEIR WILL

REF: DOHA 1304

1. IN A REMARKABLE PRESS CONFERENCE EARLY AFTERNOON DEC 17 SHAYKH AHMED ZAKI YAMANI CONVINCED EVERYONE THAT SAUDI ARABIA (AND ITS STaunch ALLY, THE UAE) WAS UNWILLING TO COMPROMISE ON THE PRICE ISSUE. HE SAID OTHER OPEC MEMBERS WERE WELCOME TO TRY TO IMPOSE HIGHER PRICES, BUT HE PREDICTED FAILURE SINCE SAUDI ARABIA'S PRODUCTION WOULD BE ALLOWED TO RISE IN RESPONSE

***** WHDR COMMENT *****

SCONCROFT, HYLAND, McFARLANE, LL, ALSO CIEP

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TO DEMAND,

2. YAMANI SAID THAT FIVE PERCENT PRICE INCREASE WOULD PROBABLY, BECAUSE OF SAUDI EXPECTATIONS REGARDING CONTINUED RECOVERY OF OC ECONOMIES, HOLD FOR ONE YEAR. NEVERTHELESS, HE DID NOT RULE OUT POSSIBILITY OF ANOTHER INCREASE LATER IN THE YEAR IF WORLD ECONOMIC CONDITIONS "REQUIRED" IT.

3. YAMANI ALSO SAID THAT FUTURE SAUDI DECISIONS REGARDING OIL PRICES WILL DEFINITELY BE LINKED TO OUTCOME OF NORTH-SOUTH DIALOGUE AND TO PROGRESS IN RESOLVING ARAB-ISRAELI PROBLEM.

4. A FINAL, SOMEWHAT SURPRISING POINT MADE BY YAMANI WAS THAT FAILURE OF MINISTERS TO REACH UNANIMOUS DECISION DID NOT MEAN THE BREAKUP OF OPEC. HE EVEN SAID THAT NOT ONLY DID OPEC NEED SAUDI ARABIA BUT THAT SAUDI ARABIA NEEDS OPEC.

5. SHORTLY AFTER THE INTERVIEW, YAMANI DEPARTED DOHA FOR SAUDI ARABIA.

PAGANELLI

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